

CENTRAL SERVICE AGENCIES – SWCAP ADDENDUM

American Recovery and Reinvestment Act (ARRA)
Allowable New ARRA Administrative Activities for
Oversight, Reporting, and Auditing (ORA)

This notice outlines the information that central service agencies (CSA) will need to submit by **July 31, 2009** to the Department of Finance to include **NEW** administrative costs for ARRA oversight, reporting, and auditing (ORA) activities for inclusion in a special SWCAP addendum.

*Allowable costs for the SWCAP addendum are NEW activities necessary to fully comply with ARRA ORA activities. **

Categories of ARRA ORA expenditures that will be considered are: Planning ▪ Public transparency ▪ Oversight to prevent and detect waste, fraud, and abuse ▪ Additional data tracking ▪ Reporting ▪ Accountability measures

**All new CSA costs for ARRA ORA activities will be carefully examined.*

A SWCAP addendum will be submitted by the Department of Finance to the U.S. Department of Health and Human Services for approval in September 2009. The addendum will estimate the state's CSA costs for ARRA ORA administrative activities.

It is important to note that most central service agencies will not have any NEW categories of administrative costs that will qualify for the 0.5 percent supplement allowed for ARRA oversight, reporting, and auditing.

Each CSA should carefully evaluate if it will have **NEW** administrative costs related to ARRA ORA. Each CSA should contact the departments receiving ARRA funds to properly identify the additional ARRA ORA activities. In some cases, a CSA may not have any additional costs related to ARRA ORA activities (e.g., California State Library). For a list of departments receiving ARRA funds, please see Attachment A.

To be eligible for recovery, new indirect costs must meet the following criteria:

- a) Costs are indirect costs for **NEW** oversight, **NEW** reporting, and **NEW** auditing activities for the Recovery Act. These include additional data tracking, reporting, and new accountability measures necessary to fully comply with ARRA.
- b) Costs pertain only to Recovery Act programs and activities.
- c) Costs do **NOT** include general administrative activities already included in the existing SWCAP allocation. Costs associated with increased volume for normal CSA administrative activities are **NOT** allowable as ARRA ORA costs. Categories of costs already allowable under the existing SWCAP for normal administration are not allowable as ARRA ORA costs eligible for the 0.5 percent supplemental funding.
- d) Costs do not include CSA services provided to an ARRA department and reimbursed through an interagency agreement. Interagency services, if appropriate, will be included in the ARRA department's indirect costs as ARRA departmental overhead.

For each of the new ARRA ORA activities that meet the above criteria, please submit the following information:

1. A brief description of the ORA activity.
2. Explain what ARRA ORA objective is being met. If the work pertains to specific ARRA requirements, please cite the source of the requirement.
3. Identify the unit rendering the service.
4. Identify the ARRA agencies receiving the service.
5. Describe the method used to separately identify ARRA ORA costs in the accounting system.
6. Frequency of the ORA activity. Start date and end date if known.

Projected Expenditures and Workload Measures

7. Basis for the budgeted or estimated amounts.
8. Types of expenses in the service.
9. Describe the allocation methods of the service costs to benefitted agencies or unit of measure (e.g., hours, warrants, claims, positions, etc.).
10. To avoid double counting, please identify by fiscal year the positions and costs which have been redirected from regular administrative activities to administer the ARRA ORA activities. Redirected costs will be removed from the regular SWCAP costs during cleanup before the final 2009-10 reallocation to all departments.
11. Provide a workload estimate showing the allocation of each service to the specific ARRA agencies.

To obtain a template to summarize projected central service agency workload and expenditures please e-mail: Fiprowp@dof.ca.gov with the subject line: ARRA Admin CSA template request.

Target Dates:

DATE	PRODUCT	FROM	TO
July 31, 2009	Central Service Agency estimated ARRA ORA Costs	CA central service agency	CA Department of Finance
September 15, 2009	SWCAP Addendum of ARRA ORA costs	CA Department of Finance	U.S. Department of Health and Human Services
September 30, 2009	Statewide allocation by ARRA Department of ARRA ORA Costs	California Department of Finance	CA Department receiving ARRA funds
October 15, 2009	New ARRA ORA ICRP or ARRA ORA CAP	CA Department receiving ARRA funds	CA Department of Finance
November 15, 2009	Review completion date of ARRA ORA ICRP or CAP	CA Department of Finance	CA Department receiving ARRA funds
November 30, 2009	Submission of ARRA ORA ICRP or CAP	CA Department receiving ARRA funds	Federal cognizant agency

ATTACHMENT II
Recovery Act Bulletin 09-07

If you have any questions please e-mail Fiprowp@dof.ca.gov or call Beverly Yokoi, Senior Administrative Analyst, Fiscal Systems and Consulting Unit, Department of Finance at (916) 445-3434, ext. 2144.